

PROJECT OVERSIGHT REPORT

Merchandising Business Systems Project (MBS)
Washington State Liquor Control Board (WSLCB)

Report as of Date:
August 2004

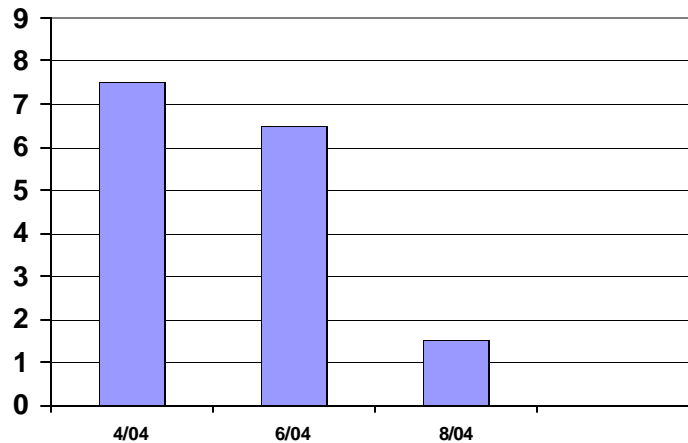
Project Director: Linda Bremer
Executive Sponsor: Pat Kohler

MOSTD Staff: Andy Marcelia

Severity/Risk Rating: High (high severity, high risk)

Oversight: Level 3 – ISB

Phase 1 Project Risk Assessment



Phase 1 Staff Recommendations: No recommendations at this time.

Phase 1 Variances:

- Schedule: None.
- Budget/Cost: None.
- Scope: None.
- Resources: None.

Project Description: Since termination of the GERS contract, the WSLCB has identified the Point of Sale (POS) replacement as the highest priority for the agency and has set a goal to have the new POS equipment operational in all state run stores by October 2004. Phase 1 will move the current application to the new POS equipment and install it in all state run stores by October 1, 2004. Phase 2 will install the Triversity POS application at each state run store and develop and implement new interfaces to WSLCB's current business applications by June 2005. Phases 1 and 2 are proceeding concurrently.

Phase 1 Status: The WSLCB retained the services of installation specialists to perform the rollout and implementation of Phase 1 in the state's liquor stores. This alleviated resource contention problems within the WSLCB that allows implementation in all stores by October 1, 2004.

Phase 2 Staff Recommendations (Phase 2): ISB staff recommends completion of project plan and training plans by September 10, 2004 to plan the allocation of agency resources to support the project.

ISB staff recommends involving all divisions affected by MBS in updating and using the communications plan to insure coordination of initiatives underway within the WSLCB and insure that the retail operations are prepared for changes.

ISB staff recommends the project budget and project risk assessments be kept up to date and reviewed with the steering committee once per month to facilitate effective decision making and project support.

Phase 2 Variances:

- Schedule: The project does not have a reliable project schedule. A final project schedule must be developed.
- Budget/Cost: The project will exceed its original budget.
- Scope: None.
- Resources: The agency has had to retain external resources with appropriate skills to complete the POS within the Biennium.

Risks/Mitigation Steps:

1. Schedule
The project might not be completed by end of the biennium.

Mitigation Tasks

- Contractor has been retained to develop the interfaces.
- The WSLCB will acquire middleware licenses for the interfaces.
- A contractor has been retained to develop the overall project schedule for all of the vendors working on the project.

2. Budget/Cost

Mitigation Tasks

- The WSLCB has had to find additional financial resources within the agency in order to complete the project within the biennium.

Background Information

Description: The 2001 Legislature authorized the WSLCB to replace its POS software with a commercially available product capable of managing and supporting the agency's retail business. These business activities include procurement (timely sales and marketing data), distribution (electronic tracking of shipping and handling), wholesale and special orders, and POS in the 161 state liquor stores. The contract agent stores are not included in the project.

The WSLCB selected GERS, a leading supplier of merchandising, point-of-sale, and e-business solutions for retailers with more than 400 systems installed. Following failure to pass user acceptance testing criteria the WSLCB terminated its contract with GERS for default effective November 24, 2003. The WSLCB stopped all work with GERS on the MBS project at that time. The WSLCB immediately began exploring alternatives to address its POS and business information systems needs.

Due to their information systems' age and obsolescence, the WSLCB's merchandising systems represent a major exposure to the agency's ability to perform its core mission.

Technology: The WSLCB installed the IBM AIX/Oracle platform as proposed by GERS. The WSLCB purchased industry standard IBM cash registers and related POS equipment.

Budget: The appropriation for this project is \$4,802,720. The GERS contract was for \$4 million. \$1.8 million was unspent. In addition, \$1.3 million proviso in operation funds for the new system was added. An additional \$1.1 million from other sources within the agency have been added, bringing the acquisition costs to \$7.2 million. The additional resources were required for software licenses, contractors for project management, project development and testing, training, and implementation support.